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FROM THE AMBASSADOR FOR WHA A/S SHANNON

E.O. 12958: DECL: 06/20/2016

TAGS: [PGOV](#) [PREL](#) [EAID](#) [EFIN](#) [KDEM](#) [KMCA](#) [GY](#)

SUBJECT: AMBASSADOR: TIE IDB DEBT FORGIVENESS, MCC TO REFORM

REF: A. GEORGETOWN 546

[B.](#) GEORGETOWN 499

Classified By: Ambassador Roland W. Bullen for reason 1.4(d)

¶1. (C) I recently learned that the IDB is planning to forgive the debt owed by its five poorest members -- including almost a half billion dollars that Guyana owes. I cannot stress enough the unique opportunity this gives us to induce meaningful reform in a country that has obstinately resisted it for years. A chance like this won't come around again soon.

¶2. (C) For over three years my fellow chiefs of mission and I have been forced to play the role of civil society because the two main political parties -- the ruling PPP/C and opposition PNC/R -- have discounted the role of Guyana's own civil society. Yet as we approach elections, long overdue constitutional and other governance reforms spelled out in the 1998 Caricom-brokered Herdmanston Accord remain incomplete. The parties have been unwilling to implement these reforms, including a badly needed overhaul of the divided structure of the Guyana Elections Commission (GECOM) and a revival of local government elections.

¶3. (C) Guyana is anxious to secure debt relief from the IDB. The outstanding debt portfolio is very significant -- US\$470 million at year-end 2005 (about 50 percent of Guyana's annual GDP) -- and by far the largest source of debt remaining on Guyana's books. Guyana is also a Millennium Challenge Corporation (MCC) threshold candidate. President Jagdeo considers both IDB debt forgiveness and MCC funding absolutely vital. We can use these as leverage to influence Guyana's leaders, on both sides, to do what they should. I believe that we should make these initiatives contingent upon elections going forward and the parties implementing promised reforms within an agreed timeframe.

¶4. (C) There is uncommonly close consensus within the donor community here in Georgetown. The Commonwealth's Special Envoy Sir Paul Reeves and OAS A/SYG Albert Ramdin are part of this consensus; on recent visits they saw "no progress" in the "depressing" political stalemate. We all agree that meaningful political change in Guyana will only come about through coordinated, concerted international pressure -- such as what I am proposing -- on both the Government and the PNC/R. We also agree that all donor agencies and international stakeholders must deliver this message simultaneously.

¶5. (C) If we fail to press home this issue now, our successors will be back in the same place in five years when the next election is due. Guyana will still be stuck in neutral, or worse. Guyana's percentile rank across all six World Bank Governance Indicators fell by 11 percent between 1998 and 2004. I fear this downward trend will continue if we let this opportunity slip through our hands.

BULLEN